TRADE AND WTO-RELATED TECHNICAL ASSISTANCE

Less-developed countries (LDCs) need technical assistance (TA) to ensure their full participation in the global multilateral trading system. LDCs' TA needs cover the entire spectrum of accession to the World Trade Organization (WTO), compliance to WTO rules/regulations and institutional strengthening and coordination. Trade-related TA is complex, costly and difficult to implement.

Importance of Technical Assistance

Recent reviews of LDCs' role in the WTO process to organize and manage the multilateral trade system and the implementation of Uruguay Round commitments point to some troublesome findings. While the WTO is a "member-driven" organization characterized by consensus decision-making within the framework of equality of members, the participation of LDCs in the design of rules of multilateral trade-related interactions, the multilateral trade negotiations and the implementation of agreed-upon trade-related rules and regulations have been limited, especially for Sub-Sahara African countries. That limited participation of LDCs has been acute enough to prompt the WTO Director General and trade experts to talk about the "marginalization" of LDCs, especially those in Africa, in the WTO process and the global trading system. Due to that marginalization LDCs have had only a weak sense of ownership of WTO decisions and reforms. That weak sense of ownership has, in turn, led to implementation delays and problems in the WTO trade-related areas.[1]

Compounding the impact of LDCs' weak sense of ownership of WTO decisions and reforms, are very real and hard to address technical, institutional and financial constraints – germane to under-development - encountered by LDCs in the implementation of Uruguay Round Agreements. The World Bank has recently issued two reports which identify those constraints and raise questions about the sustainability of WTO decisions and reforms should there be no change in the WTO process and no additional TA.[2] Findings of the World Bank reports will be reviewed in the following section of this paper.

Based on the above-findings, WTO and the World Bank, among others, have been calling donors to provide more assistance to LDCs. Calls for more donor-financed assistance to help make the global trading system more inclusive for LDCs have been supported by the multilateral organizations and, more recently, the Clinton Administration. The United Nations, United Nations Conference on Trade and Development, International Monetary Fund, World Bank, Food and Agriculture Organization, World Intellectual Property Organization and Organization for Economic Co-operation and Development have increased their TA support and have jointly created the WTO Integrated Framework (IF) as a mechanism to coordinate their trade-related TA to 48 UN-designated least-developed countries. The WTO IF, with the World Bank and UNDP as coordinators, was adopted by WTO members in October 1997. By September 1999, 40 of the 48 least-developed countries have taken steps to participate in the IF by presenting their needs assessments, and more than half of them are now preparing country programs to be presented to donors for financing.[3]

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[1] Richard Blackhurst, Bill Lyakurwa and Ademola Oyejide, "Improving African Participation in the WTO", paper presented at WTO/World Bank Conference on Developing Countries' in a Millennium Round (WTO Secretariat, Geneva) on 20-21 September 1999, especially pp. 1-2.

[2] World Bank, "World Bank Support for Developing Countries on International Trade Issues", paper prepared for the 27 September 1999 meeting of the Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries (Washington, DC, 14 September 1999); and, J. Michael Finger and Philip Schuler, "Implementation of Uruguay Round Commitments: The Development Challenge," paper presented at WTO/World Bank Conference on Developing Countries' in a Millennium Round (WTO Secretariat, Geneva) on 20-21 September 1999.

[3] World Bank, op. cit., p. 7.

In a recent press release, the Clinton Administration has committed the USG to providing LDCs with more access to the U.S. market and TA to allow them to more fully participate in and share the benefits of enhanced global trade.[4]

Nature and Magnitude of TA Needs

In general, to ensure that LDCs can fully participate in the WTO process and the global trading system, LDC officials should be trained to have the capacity to:[5]

- Fully understand and internalize the contents, implications (i.e. benefits and costs) and constraints of various WTO agreements; identify and take advantage of trade and trade-related opportunities made available under these agreements; and fulfill the obligations the agreements impose;
- Articulate trade objectives and effectively pursue them in the context of multilateral negotiations and formulate and pursue trade and development strategies that are consistent with the country's WTO obligations; and
- Assert and defend their acquired trade and trade-related rights against potential and actual infringement and other challenges.

LDCs also need assistance in institutional strengthening and coordination because responsibilities for trade policy formulation and implementation are usually scattered across several Ministries and public entities – Ministry of Finance (trade taxes and customs clearance), Ministry of Trade and Industry (trade and industrial policy), Ministry of Foreign Affairs (commercial diplomacy and international agreements), Port Authority (port management) – without clear definition of responsibilities, inter-ministerial working relationships and proper oversight.

Focussing, more specifically, on the implementation of Uruguay Round commitments, the following three areas have frequently been cited as priority areas for TA activities:[6]

- Customs Valuation and Customs Administration Reform – The Uruguay Round calls for the implementation of specific customs valuation procedures. It has, however, been found that, to fully benefit from Uruguay Round-compliance in customs valuation, LDCs have to undertake more generalized customs administration reforms which address problems such as computerization, smuggling, corruption, process delays, lack of transparency and training. It makes no sense to assist a LDC to become WTO-compliant in customs valuation if it takes the WTO-compliant products six months to clear customs and the port authority because of archaic and less-than transparent port clearance procedures and non-performing officials. In Tanzania, for example, the cost for upgrading its customs administration to WTO standards over a three-year period is estimated at $8-10 million. The European Union allocated in 1990-97 $108 million to assist ten of the formerly socialist countries in Central and Eastern Europe with customs modernization reforms.

- Sanitary and Phytosanitary (SPS) Standards – WTO SPS Agreement covers all measures taken to protect: animal and plant health from pests and diseases; human and animal health from risks in food or feedstuffs (such as toxins or pesticides residues); and humans from animal-carried diseases such as rabies. LDCs' exports must meet WTO SPS standards to access developed country markets. Currently, most LDCs need donor-financed TA to either create or upgrade their veterinary services, laboratories, quarantine stations disease/pest eradication programs, training facilities and equipment for seed certification and registration and for quality control and certification to ensure the absence of chemical residues in exported meat. For example, to be compliant with WTO SPS standards, Argentina spent $82.7 million in 1991-96 to reform its agricultural export sector while Poland spent $71 million in 1990-95 to modernize its food processing facilities.

- Trade-Related Aspects of Intellectual Property Rights (TRIPs) – WTO TRIPs agreement covers

[4] White House, "The Clinton Administration Agenda for the Seattle WTO" (Washington, DC, 13 October 1999), p. 4.

[5] Excerpted from Richard Blackhurst, Bill Lyakurwa and Ademola Oyejide, op. cit., especially pp. 5 and 7-11.

[6] This section relies heavily on J. Michael Finger and Philip Schuler, op. cit. See also World Bank, op. cit.

the seven main areas of intellectual property, i.e., copyright, trademarks, geographical indications, industrial designs, patents, layout designs of integrated circuits and undisclosed information including trade secrets. In each area, the agreement: specifies minimum standards of protection that governments must provide; requires governments to provide procedures to enforce; and, provides means of dispute settlement.[7] To bring LDCs' Intellectual Property Rights (IPR) regime into conformity with WTO TRIPs standards, technical assistance and capacity building are required to overhaul the current regulatory environments. Such an overhaul will typically entail improvement of the IPR regulatory framework, drafting new legislation, establishing agencies to implement and enforce IPR regulations, and training of officials to administer IPR regulations. For example, Mexico spent $32.1 million in 1992-96 to establish an agency to implement industrial property laws while Indonesia is expected to spend $14.7 million between 1997 and 2003 to improve its IPR regulatory framework.

In addition to the four Uruguay Round priority areas mentioned above, the November 1999 WTO negotiations in Seattle are likely to produce agreements that will impose additional burden on LDCs' institutional, financial and technical resources and will require TA. These include:

- The General Agreement on Trade in Services (GATS) - LDCs will require technical assistance in order to ensure domestic regulations do not unnecessarily restrict trade in services. Greater transparency and fairness in regulations in order to increase the level of contestability in markets will require upgrading domestic regulations, building the appropriate institutions, and training relevant officials on best practices will require technical expertise from developed countries.
- The Agreement on Agriculture - Developing countries still have not implemented many of their Uruguay Round commitments due to lack of technical and financial assistance required to establish the necessary institutions to deal with relevant matters. Technical assistance and institutional capacity building assistance will be needed for LDCs if they are to implement desired reforms. LDCs will also need to ensure that any new commitments taken during a new round of negotiations are implementable even with technical and financial assistance.

USAID RESPONSE

USAID has several contracting mechanisms to secure the relevant quality expertise which will enable the Agency to respond to LDCs' TA needs in a timely fashion. Under the indefinite quantity contract (IQC) mode, USAID can quickly acquire the needed TA. For example, the Support for Economic Growth and Institutional Reform Project (SEGIR) has been, and will be, used to finance WTO-related work. The African Trade and Investment Policy (ATRIP) program – created under President Clinton's Partnership for Economic Growth and Opportunity in Africa – finances activities to help African private and public sector partners to design and implement policy reforms that will make their countries more attractive to international trade and investment.

USAID can also enter into either Cooperatives Agreements with U.S. Universities and International Organizations (such as WTO, International Trade Center, UNCTAD, etc...) or Interagency Agreements with USG Agencies to procure the relevant quality expertise needed to assist LDCs in WTO-related work.

[7] The TRIPs agreement, like the SPS agreement, builds on standards expressed in relevant international IPR conventions. See J. Michael Finger and Philip Schuler, op. cit., p. 19, for more details.